

25X1

Approved For Release 2005/06/09 : CIA-RDP85T00875R001100010055-5

Approved For Release 2005/06/09 : CIA-RDP85T00875R001100010055-5

Secret

25X1



SEPAC D11
JUN 25 121 PM '73

Developments in Indochina



Secret

122

22 June 1973
No. 2041/73

25X1

Approved For Release 2005/06/09 : CIA-RDP85T00875R001100010055-5

Approved For Release 2005/06/09 : CIA-RDP85T00875R001100010055-5

Developments in Indochina

25X1

CONTENTS

22 June 1973

SOUTH VIETNAM 1

In recent instructions to district cadre, the Viet Cong place heavy stress on the importance of proselytizing among the South Vietnamese military and civilians as a means to offset current weaknesses of the Communist political and guerrilla infrastructure. The An Quang Buddhists will convene early next month to elect a new titular leader. Friction within South Vietnam's strongest opposition group may develop if rival leaders try to jockey for position.

LAOS. 4

One of the major obstacles in the way of implementation of the February peace agreement is continued Communist insistence on a formal demarcation of zones of control. In their draft proposals the Communists call for government withdrawal in certain enclaves, and Prime Minister Souvanna fears that a formal demarcation could lead to eventual partition of Laos.

~~SECRET~~

CAMBODIA. 7

The government has finally adopted a set of reforms designed to stem the serious deterioration of the Khmer economy. The reforms, long recommended by both IMF and US economic advisers, call for an immediate increase in the price of most rice to more than double the current artificially low, controlled level. On the political plane, the USSR appears to be edging closer to Sihanouk and has backed off from its policy of ignoring the Prince and his travels.

~~SECRET~~

SOUTH VIETNAM

25X1

Communist Tasks at Grass-Roots Level

The Viet Cong issued detailed instructions in early June to some district cadre concerning specific tasks to be undertaken at the hamlet level upon the signing of the Paris communique. The instructions, contained in a recently captured document and attributed to a Viet Cong district party committee in Gia Dinh Province, place heavy stress on the importance of proselytizing among South Vietnamese military and civilians as a means to offset current weaknesses of the Communist political and guerrilla infrastructures.

In the document, district cadre are admonished repeatedly that they must propagandize and plan political action on the basis of local conditions and needs. They must also make every effort to rebuild an effective Viet Cong hamlet apparatus. Finally, the instructions call for a return to a detailed, regularized reporting system in order to provide a more realistic assessment of developments.

The document indicates that the Communist cadre are to be "conciliatory" in an effort to keep government main forces stationary, "neutral," and "ineffective." Their longer range objectives, however, are to obtain more party members, guerrillas, security agents, legal cadre, supporters, and sympathizers, all described as "urgently needed."

The strengthening of the local Viet Cong apparatus is said to be of "first and foremost concern" for both cadre and party rank and file at all levels. Various business and hamlet "connections" are to be used to bring in followers from among the masses who can eventually be turned into party or National Liberation Front members.

22 June 1973

SECRET

The return to a system of detailed, regular reporting, according to the document, is a result of the "January experience," presumably a reference to the padding of party strength figures by lower level cadre. To help in this goal, the document says cadre are to avoid giving "vague instructions" to their infrastructure and to the people in the hamlets. They are also to establish "systems" to monitor the situation in each hamlet, particularly in government zones, to provide frequent and "specific" reports, and to avoid making "generalizations."

25X1

25X1

Buddhist Political Problems

The An Quang Buddhists plan to convene early next month to elect a new titular leader. The Buddhist leaders probably can agree on a non-controversial figure to fill the vacant post, but friction may develop if rival leaders try to jockey for position.

25X1

One An Quang group, led by Thich Thien Minh and several Buddhist senators, has been working to reunite An Quang with the small pro-government Quoc Tu faction and improve relations with the government. Its efforts appeared to be making headway last month when An Quang and Quoc Tu followers held a joint celebration of Buddha's birthday, but unification talks ceased because An Quang leaders believe Quoc Tu demands are excessive. Moreover, some An Quang leaders are opposed to reunification, and one group, which favors an activist anti-government posture, is trying to stir up sentiment against Thien Minh.

Thich Tri Quang, who is still the most influential An Quang leader, apparently favors a cautious strategy of opposing both the Communists and the Thieu government. Like most An Quang leaders, Tri Quang sees the Communists as the greater threat to An Quang's position, but he nevertheless has little use for President

22 June 1973

SECRET

SECRET

Thieu. Recognizing the strength of the government, Tri Quang wants to avoid any confrontation with Thieu except when he feels vital Buddhist interests are at stake.

Early this month Tri Quang spoke out with the apparent aim of protecting An Quang's position in the event of a new peace agreement. Echoing recent statements by Big Minh and other opposition figures, he called for participation in the Council of National Reconciliation and Concord by an "independent" third segment, rather than one selected by Saigon and the Viet Cong. In a separate statement, Tri Quang also denounced alleged government plans to release its civilian prisoners to the Viet Cong. Making clear that he was primarily concerned with An Quang followers who were jailed during past "peace struggles," Tri Quang asserted they should be released to their families or their organizations.

Tri Quang's remarks do not appear to presage any major shift in An Quang's political strategy. In recent years Buddhist activities have focused on low-key opposition within the constitutional system. An Quang has elected a strong minority bloc of legislators, but their position will be weakened after the August Senate election, since they are not participating.

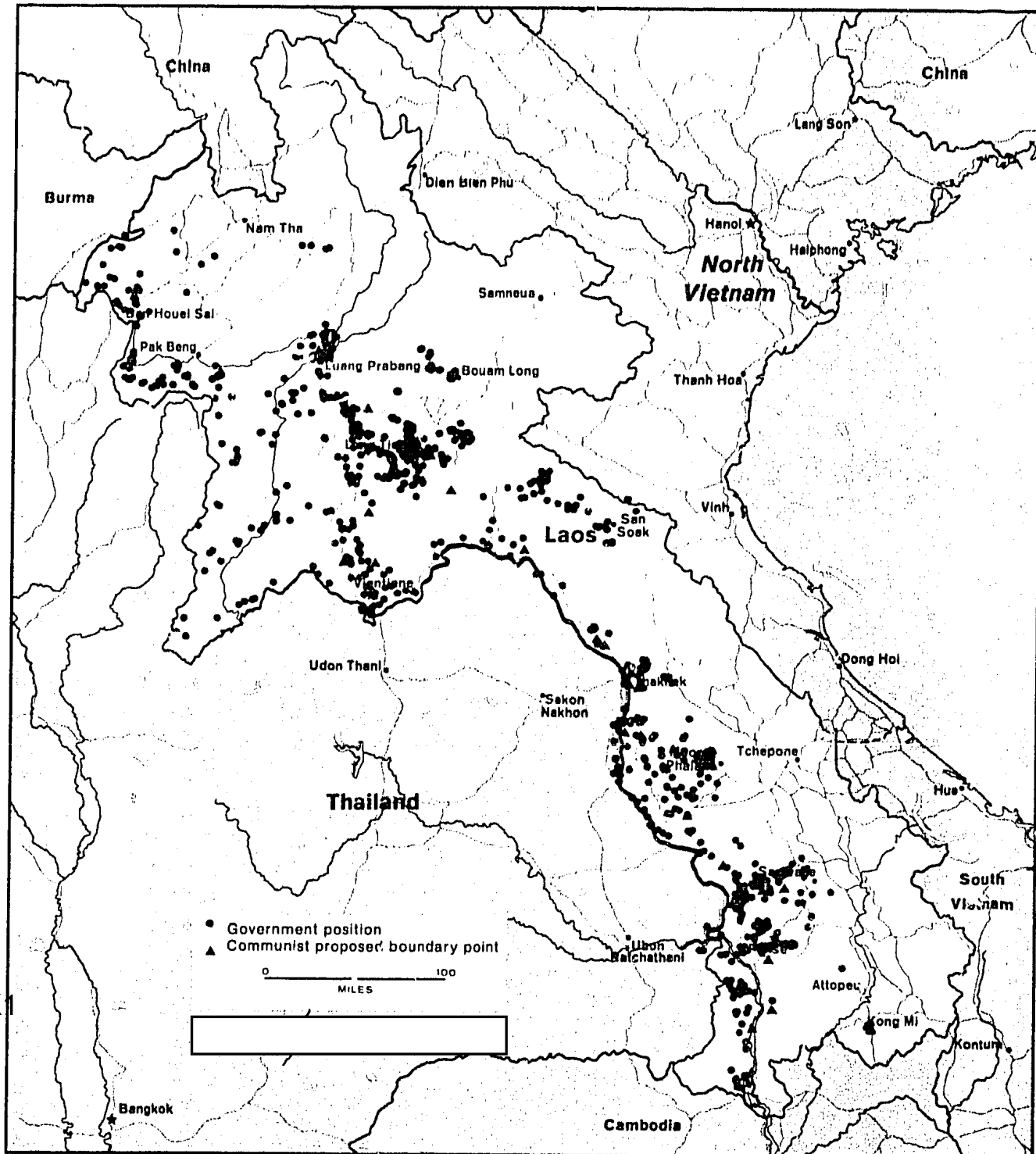
Thus far Tri Quang has been able to keep most of the friction among his An Quang colleagues within bounds. Continued external pressures from both the Communists and the government and his strategy of maintaining a low political profile could make this task increasingly difficult. If restive rival An Quang groups bring their quarrels into the open, the Buddhists' over-all political position will probably be damaged.

25X1

22 June 1973

SECRET

Laos: Government Positions at Time of Cease-Fire



554436 6-73 CIA

SECRET

LAOS

25X1

A Partition of Laos?

One of the major obstacles to implementation of the February peace agreement is the continued Communist insistence on a formal demarcation of zones of control. The latest Pathet Lao draft proposals call for 32 boundary poles to be set up between the two sides in the disputed areas. Other sections of the draft provide in effect that government units in enclaves east of this demarcation would have to be withdrawn. Pathet Lao troops, however, apparently would retain control of two enclaves within the government zone.

The map opposite shows the location of the boundary poles, and the sites of government units at the time of the February cease-fire

25X1

25X1

The government sites, nearly 1,400 in all, include regular and irregular battalions--and in most cases, their composite units--local defense forces of various types and sizes, intelligence and reconnaissance teams, and police posts.

Aside from the tactical disadvantages of the Communist demarcation proposals, Prime Minister Souvanna fears that a formal demarcation could lead to eventual partition of Laos. One of Souvanna's major goals during the negotiations has been to leave open the way for eventual reconciliation of the Lao factions. He resisted strong pressure to sign a purely military settlement in February and held out for a "global settlement" that provided for Pathet Lao participation in a Vientiane government.

Souvanna's adamant opposition to the current Communist scheme may eventually force a compromise that would leave open at least the possibility of

22 June 1973

SECRET

SECRET

eventual reunification. Lao politicians both to the right and to the left of Souvanna almost certainly prefer to maintain some sort of partition, however. The Communists clearly desire unfettered control of the area in question in order to protect North Vietnamese borders and to provide access to South Vietnam and Cambodia. The rightists, on the other hand, would be left with their traditional bailiwicks in the Mekong Valley. They realize that Pathet Lao participation in a coalition gives the Communists an opportunity to subvert their control, but almost certainly believe that by strong-arm tactics and other methods they can prevent the Communists from expanding their control through political efforts.

The current talks on implementing the February peace agreement reflect this apparent lack of interest in quick or genuine reunification. In contrast to the negotiations in 1957 and 1962-63, neither side is pushing for any provisions on a reintegration of military and administrative structures. The February agreement allows both sides to preserve their separate zones and administrations while they "attempt" to enforce the political program of the provisional coalition government. The writ of the coalition government becomes binding only after new national elections. Neither the February agreement nor the proposals presently under discussion in Vientiane specify any timing for these elections.

The Lao Communists insist that their delineation scheme is meant only to prevent clashes and that they are not interested in a permanent partition. They point to their willingness to serve in a coalition government in Vientiane and their failure to form an opposition government similar to Vietnam's Provisional Revolutionary Government as proof of their good intentions. But at the same time they have sought to ensure that they will have a veto over the scheduling of elections that would lead to a permanent coalition.

22 June 1973

SECRET

SECRET

They have also taken some actions that normally would be carried out only by a government. Under the name of their party, the Lao Patriotic Front, they have set up quasi-diplomatic "offices" in Hanoi and Havana and signed and publicized agreements with the North Vietnamese for "assistance" to Laos in road construction and maintenance and for "surveys and assistance" in matters of finance and food. The Communists, who have seen two coalitions in Vientiane fail, clearly intend this time to keep their three fifths of the country a separate entity in all but name until they see if the current effort at national reconciliation will "work" in a manner acceptable to them. [REDACTED]

[REDACTED]

25X1

22 June 1973

SECRET

SECRET

CAMBODIA

25X1

Of Reforms and Rice

On 15 June the cabinet finally adopted a set of reforms designed to stem the serious deterioration of the Cambodian economy. The reforms, long recommended by both the IMF and US economic advisers, call for an immediate increase in the price of most rice to more than double the current artificially low, controlled level. Beginning in July, water and electricity rates will be raised to more nearly match producers' costs and petroleum prices increased to reflect higher world prices and the declining value of the Cambodian riel. To compensate for the higher prices, salaries and allowances for civil servants and the military are to be increased.

The reforms will add slightly to the budget deficit, since the salary increases are more than the budgetary savings from the decreased subsidies on rice, petroleum, electricity and water. The longer term effects on consumption of these commodities and on the distribution of income, however, are designed to compensate for this. Following some initial panic buying and negative popular reaction to increased rice prices, consumption should decrease considerably from currently high levels. The increase in wages is a change in policy from the economically ill-advised use of politically motivated price subsidies to one specifically curbing the decline in real incomes among government workers and lower level military. Not all wages will be raised, however, and there will be loud protests from those groups not receiving an increase.

The rice price reform comes too late to have much impact on Phnom Penh's latest rice crisis. Communist interdictions of Routes 4 (from Kompong Som)

22 June 1973

SECRET

SECRET

and 5 (from Battambang) have disrupted the shipment of imported and domestic rice to the capital. Also, Phnom Penh cannot get Bangkok to agree to an exception to the Thai ban on rice exports, in order to buy enough for Cambodia's immediate needs. Furthermore, the tight world grain market argues against diversion from other recipient countries to Cambodia of US-supplied PL-480 rice prior to the next US harvest this autumn. The frequent likelihood of shortages and the anticipation that rice prices would inevitably rise were factors that helped push rice sales almost one third higher than normal during much of 1973. This high demand has brought forward the runout date for the capital's stocks--unless the transport situation improves--from late summer to early July. [REDACTED]

25X1

25X1

Edging Closer to Sihanouk [REDACTED]

25X1

The Soviets have backed off from their policy of ignoring Sihanouk and his travels. On 8 and 10 June TASS carried brief reports on his recent trips to Algeria and Yugoslavia. TASS singled out Sihanouk's pleas for more support for the National United Front of Kampuchea (but not his government-in-exile, which the USSR has never recognized) and his willingness to negotiate with the US. Typical of Soviet caution, however, was a radio commentary on 7 June in which Moscow noted only the existence of unspecified "healthy forces" in Cambodia capable of negotiating and abiding by a political settlement of Cambodia's problems.

22 June 1973

SECRET

~~SECRET~~

At the least, Soviet behavior indicates a desire to emphasize its distance from the government in Phnom Penh. The Soviets have done so in the past whenever Phnom Penh's military fortunes took a particularly bad turn. Given the USSR's desire to see Indochinese problems relegated to the background, however, more far reaching changes may be in store. Until Sihanouk's trip to Cambodia last spring, the Soviets probably had some faint hopes of being able to drop Sihanouk in favor of the Khmer Communists. Even the present modest attention to Sihanouk suggests that the Soviets recognize the futility of this effort and are searching for a way to move closer to Sihanouk without appearing to have caved in to the Prince's long-time supporters in Peking.

25X1

25X1

--	--	--

22 June 1973

~~SECRET~~